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U.S. Planting Seed Trade

July 1997-March 1998 Highlights

General Trade Summary

U.S. planting seed exports during July 1997-March 1998 totaled 692,355 metric tons valued at \$742.7 million, a decrease of 23 percent in volume but an increase of 1 percent in value over the same period in 1996/97. Imports for the period totaled 142,687 tons (about 4 percent above a year ago) valued at \$262.5 million (10 percent above last year).

Attache Reports

Following are excerpts from U.S. Agricultural Attache reports recently received in FAS/Washington. Copies of the complete reports may be obtained by contacting the Cotton, Oilseeds, Tobacco, and Seeds Division at the address, the telephone or Fax number listed on the back cover, or the FAS homepage at www.fas.usda.gov.

Denmark (Report number NZ8004): Denmark produces about 40 percent of European Union (EU) grass seed and exports about 90 percent of its production -- 91 percent of it to Germany and other EU member countries. Targeted exports to non-EU countries are limited. Although new outlets are emerging in Turkey and Poland, exports increased substantially to the United States and Canada which now represent the largest third-country markets.

Danish grass seed output in 1997 suffered from unfavorable weather conditions, and only increased by 1.5 percent compared to the relatively low 1996 production, and in contrast to an increase in 3.8 percent in acreage.

As a result of record-high prices, growers are forecast to increase 1998 acreage by almost 10,000 hectares or by 16 percent.

The EU's Common Agricultural Program (CAP)

reform legislation has had the effect of making grass seed production relatively more attractive vis-a-vis other domestic cropping alternatives in Denmark. Relatively higher Danish grass seed yields and a reference period for EU CAP reform supports favorable to Danish grass seed producers also made Danish grass seed production more competitive against other EU producers.

Brazil (Report number BR8609): The most important developments affecting the current situation and outlook for Brazilian planting seed imports are: 1) changes in Brazil's Seed Law; 2) the gradual implementation of the Cultivar Law (intellectual property legislation); 3) a growing emphasis on improving yields in most crop sectors; and, 4) in the case of vegetable and other horticultural seeds, demand for high quality seeds but a lack of production of such seeds in Brazil.

Forage seed opportunities are being influenced by the livestock sector where there is a growing emphasis on increasing weight gain while simultaneously lowering the slaughter age of steers.

Brazil continues to periodically implement new phytosanitary requirements on a variety of crops as part of harmonization of requirements and standards within MERCOSUL. These new certification requirements often impact the market for seeds of these crops. The long-term prospects for products developed through biotechnology remain positive, though the development of a regulatory framework will inhibit access to such products in the short-term.

The largest current problem associated with U.S. seed exports to Brazil is the issue of third country seed re-exported from the United States following further processing, testing, certifying, and other treatment. For re-exported seed from third

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countries, Brazilian plant health regulations require that the documentation include the original phytosanitary certificates from the original country of origin as well as the re-export certificate from the USDA's Animal and Plant Health Inspection Service (APHIS). The re-export certificate alone is not adequate and local industry contacts report that shipments have been held up because of this certification problem.

Local industry contacts are also concerned that the costs of new approval procedures, reportedly due to MERCOSUL harmonization, are excessive. According to these contacts, Brazil is requiring Pest Risk Assessments (PRA's) for each species from every country of origin. Many of these companies are multi-national in scope, grow seeds in many different countries for off-season production, and

feel that the Brazilian requirements do not account for the level of quality control exerted by the companies themselves.

On April 25, 1997, the Plant Variety Bill became Law No. 9456 and was published in the "Diario Oficial, on April 28, 1997, basically as described in BR7612. The first part of implementing legislation for the Cultivar Law was published on November 6, 1997, as Decree 2,366 of November 5, 1997. The Decree covers cotton, rice, potato, dry beans, corn, soybeans, sorghum, and wheat. Protection will be expanded to other crops gradually over time as provided for in the original Law. The competent authority for the protection of cultivars is the National Service of Cultivar Protection (Serviço Nacional de Proteção de Cultivares SNPC).

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